The new railroad crossed the old Louisburg to Smithfield stage road at a point about a mile and a half west of what is now Selma. At this point—to be known as Mitchener's Station—farmers gathered to receive, send, and sell goods.

In the fall of 1866, Col. John W. Sharpe (or Sharp), a Confederate veteran, became interested in locating a town at the station. However, due to delays experienced in trying to purchase some of the Mitchener land, Col. Sharpe purchased between fifty (50) and two hundred (200) acres south of the station from a Mr. Daniel Sellers. In choosing the new location, one story has it that the small railway house was loaded onto a flat car, given a good shove, and where it stopped, Selma grew up. 1

The newly purchased property was platted, and on May 1, 1967, these lots were sold. The initial idea of naming the town Sharpsburg was vetoed by Col. Sharp (who had fought there during the War Between the States); he then suggested the name of Selma (Selma, Alabama was where he had been born). The new residents eagerly agreed and thus was born the present Town of Selma.

By the turn of the century, the Atlantic Coastline Railroad had built a north-south route from Rocky Mount, North Carolina to Florence, South Carolina which intersected with the Southern Railway in Selma. With its repair shops and a refueling station, Selma became a vital rail facility for both companies. These ideal rail connections proved most beneficial to farmers anxious to send out their produce and receive supplies.

Around this time, the Selma Cotton Mill (now Griggs Equipment Company) and the Ethel Cotton Mill (no longer in operation) chose sites just west of town while the Lizzie Cotton Mill (now Eastern Manufacturing Company) chose a site just beyond the northeastern limits. Companies like this had already begun to journey south where lower taxes were but one of several apparent advantages.

By 1911, a number of new industries including a lumber company, an agricultural chemical company, and a cotton oil company had located in Selma. The U. S. Census population of Selma by 1910 was 1331.

Many of the settlements initially outside of town had been annexed by 1923 and the town population had grown to an estimated 1600. At this point, Selma began to experience a decreasing rate of growth that was closely dependent upon a textile and railroad oriented economy.

The year 1959 saw the town taking the first step toward providing low-rent housing by creating the Selma Housing Commission (by 1962, a sixty-eight (68) unit project had been approved). The Selma Oil Terminal began going up in 1963; by 1967, Sylvania Electric Corporation had located a plant just south of Selma between I-95 and US 301. A rather large annexation of the Griggs Mill area in the late 1960s had increased the town's population to 4,365 by 1970. It is estimated that the 1975 population was 4,500.